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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Kennedy Township  
Coraopolis, Pennsylvania

We have audited the accompanying 2012 Municipal Annual Audit and Financial Report (Report) for Kennedy Township (Township) for the year ended December 31, 2012.

### ***Management's Responsibility for the Report***

Management is responsible for the preparation and fair presentation of this Report in accordance with the modified cash basis; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of this report in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Report that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on this Report based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Report is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation for the Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis of Accounting***

This Township's policy is to prepare its Report on the modified cash basis; consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenditures or expenses are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying Report is not intended to present the financial position and results of operations of the Township in conformity with accounting principles generally accepted in the United States of America.

### ***Opinion***

In our opinion, the Report referred to above, presents fairly, in all material respects, the financial position and results of operations of such funds of Kennedy Township as of and for the year ended December 31, 2012, on the modified cash basis of accounting.

*Schneider Downs & Co., Inc.*

Pittsburgh, Pennsylvania  
March 25, 2013

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